

7th Proof.

Dated

, 1888.

THE
QUEBEC & LAKE ST. JOHN
RAILWAY COMPANY OF CANADA
AND OTHERS

TO
THE TRUSTEES, EXECUTORS, AND
SECURITIES INSURANCE
CORPORATION, LIMITED.

DRAFT.

Deed of Trust and Mortgage
OF
FIRST DIVISION OF RAILWAY
TO SECURE BONDS.

WILSON, BRISTOWS, AND CARPMAEL.

1, Copthall Buildings, E.C.

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This Indenture made the _____ day of

1888 between THE QUEBEC AND LAKE ST. JOHN RAILWAY COMPANY OF CANADA a body corporate and politic duly incorporated under and by virtue of the provisions of the Act of the Legislature of the Province of Quebec in the Dominion of Canada hereinafter recited (hereinafter called the Railway Company) of the first part THE QUEBEC AND LAKE ST. JOHN RAILWAY LUMBERING AND TRADING COMPANY duly incorporated by Royal Letters Patent having its principal place of business in the said City of Quebec (hereinafter called the Construction Company) of the second part HORACE JANSON BEEMER of the City of Montreal in the Dominion of Canada engineer and contractor of the third part and THE TRUSTEES EXECUTORS AND SECURITIES INSURANCE CORPORATION LIMITED (which Corporation and except where the context shall otherwise require their successors in the trust are hereinafter included in the expression "the Trustees") of the fourth part.

WHEREAS the Railway Company was duly incorporated by an Act of the Legislature of the Province of Quebec passed in the forty-sixth year of the reign of Her Majesty Queen Victoria chapter 88 and entitled "An Act to amend and consolidate the various Acts respecting the Quebec and Lake St. John Railway Company" which Act repealed certain previous Acts relating to the Railway Company.

And whereas by another Act of the said Legislature passed in the fifty-first year of the reign of Her Majesty Queen Victoria chapter 94 such last mentioned Act was amended and further powers were conferred upon the Railway Company.

And whereas under and by virtue of the said Acts power and authority are conferred upon the Railway Company among other things to construct and work a single or double track railway starting from some point on their line of railway then constructed or from some point in the City of Quebec and ending at Lake St. John with power to construct and work branch lines or extensions as therein mentioned.

And whereas under and by virtue of the said Acts the Directors of the Railway Company under the authority of the Shareholders to them given by resolution at any Special or General Meeting called for that

purpose may issue mortgage bonds made and signed by the President or Vice-President and countersigned by the Secretary and Treasurer and under the seal of the Company for the purpose of raising money for prosecuting and completing the said undertaking provided that the total issue of bonds shall not exceed the sum of 20,000 dollars per mile of the entire length of the said railway and of the branches and extensions. And it is by the said Acts provided that the bonds so issued shall carry a mortgage upon the Railway its branches and extensions and all the plant rolling stock and material necessary for the working thereof and upon all buildings stations station grounds and generally upon all the lands property and material necessary and strictly appertaining to the working of the Railway its branches and extensions and that the interest coupons thereon shall be a first and preferential lien charge claim and privilege upon the net earnings of the Railway after the payment of working expenses maintenance rents and renewals and that all of the said Bonds shall have equal rank and privilege whether they be issued as representing the mileage of the main line or that of the branches or extensions and that the Bonds may be issued in proportion as the main line or branches or extensions of the Railway are being built as in the said Acts mentioned.

And whereas the Railway Company is by the said Acts further authorized and empowered to build purchase acquire own charter work and operate steamers and other vessels on the lakes and navigable rivers touched by its Railways or by its branch lines and extensions and also to erect acquire and maintain docks dockyards wharves slips piers and warehouses at any point on or in connection with its Railway and branches and to erect acquire and work elevators and build acquire and lease hotels and dwellinghouses along the line of its Railway and branches.

And whereas by an Agreement dated the 30th day of April 1878 and made between the Railway Company and the Construction Company the Construction Company undertook to construct equip and complete a portion of the said Railway as therein mentioned and as part of the consideration therefor the Railway Company agreed to hand over to the Construction Company 20,000 dollars per mile of road in Debentures of the Company for each and every mile of road actually constructed and equipped by the Construction Company.

And whereas by an Agreement dated the 10th day of July 1883 and made between the Construction Company and the said Horace Janson Beemer the said Horace Janson Beemer contracted to construct equip and complete the said Railway and as part of the consideration therefor the Construction Company assigned and undertook to give and procure to the said Horace Janson Beemer the first mortgage bonds of the said Railway as therein mentioned.

And whereas such last mentioned Agreement was ratified and confirmed by the Railway Company on or about the 20th day of August 1883.

And whereas certain bonds to the nominal amount of 993,000 dollars and no more purporting to be a first charge on the said Railway have been issued but the whole of such bonds have been cancelled in the presence of a Notary Public and surrendered to the Railway Company as the Railway Company hereby certify and declare.

And whereas that portion of the railway of the Railway Company being between its junction with the Canadian Pacific Railway four miles west of Quebec and the Lake St. John and covering a distance of 173 miles has already been completed and a new line four miles in length from such junction forming an independent entrance into Quebec and an extension at the Lake St. John to Roberval being a further distance of 13 miles are now in course of construction by the said Horace Janson Beemer under the said Agreement of the 10th day of July 1883 and the Directors of the Railway Company have resolved to issue Mortgage Bonds in the form specified in the Schedule hereto for a total amount of £780,000 being equivalent at the rate of exchange authorized by the 49 Viet. c. 30 of the Acts of the Dominion of Canada to 3,796,000 dollars or 4,000 dollars less than the maximum amount of 3,800,000 dollars issuable in respect of the said length of railway.

And whereas by a Report of the Treasurer of the Province of Quebec dated the 10th day of July 1888 and duly adopted and confirmed under the provisions of the 47 Viet. c. 70 of the Acts of the Legislature of the said Province by the Lieutenant-Governor of the said Province in Council on the 11th day of July 1888 the said Treasurer recommended that a guarantee of interest upon the issue of Bonds or Debentures of the Railway Company to the amount of £780,000 at the rate of 5 per cent. per annum payable half-yearly for the period of ten years from the 1st day of July 1888 to the 1st day of July 1898 should be made and granted in favour of the holders of the Bonds or Debentures of the Railway Company and that the same should be carried into effect by means of such a declaration printed on the face of the said Bonds or Debentures and such a certificate printed on each of the coupons for interest guaranteed by the said Province as appearing in the Schedule hereto.

And whereas it is intended to be part of the terms of the said issue that the Railway Company shall pay to the Trustees or allow them to receive during the said period of ten years for which the interest of the said Bonds is guaranteed by the Government of the said Province or until a sufficient sum shall be accumulated in their hands to provide for the interest on the said Bonds for a period of five years after the expiration of the said period of ten years whichever of the said two alternative periods shall be the shorter the whole of the net earnings of the division or portion of the said Railway and of the lands docks piers quays steamer and other property hereinafter mortgaged and further that after the expiration of the said period of ten years the Railway Company shall at all times

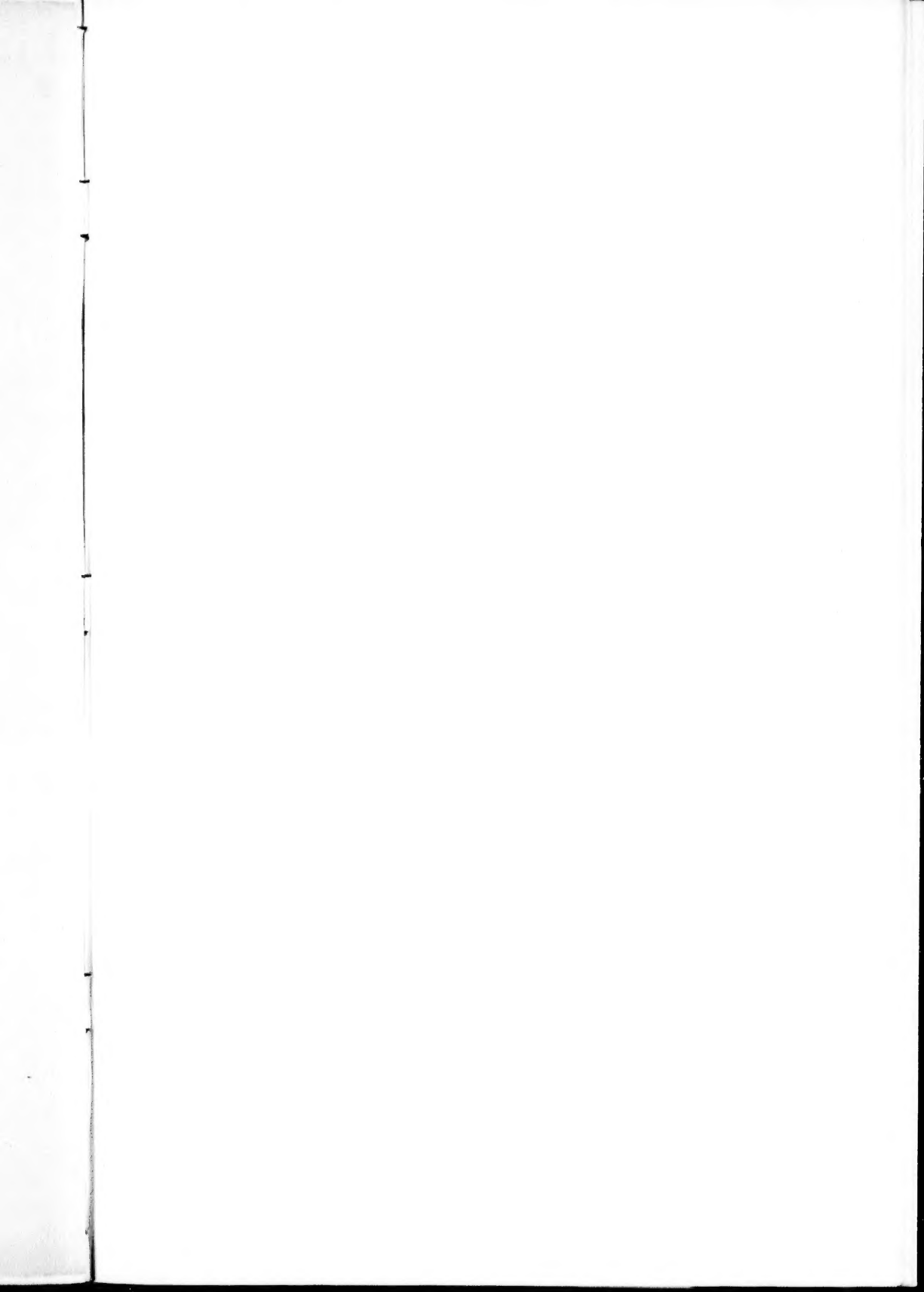
while the said Bonds or any part thereof remain outstanding pay to the Trustees out of such net earnings or if the same are insufficient then otherwise such a sum as will with any amounts paid to them as aforesaid enable the Trustees at all times to have in hand an amount at least equal to two years' interest on such Bonds and it is also intended to be part of the terms of the said issue that the Railway Company shall pay to the Trustees or allow them to retain out of the first monies received in respect of the said issue of Bonds the sum of £200,000 to be held by them upon such trusts for the completion and equipment of the Railway hereby mortgaged and otherwise as hereinafter declared.

And whereas by a resolution passed at a Special General Meeting of the Shareholders of the Railway Company called for that purpose and held on the same day as but immediately prior to the execution of these presents the Directors of the Company were duly authorized to issue Mortgage Bonds to the amount and in the form aforesaid as appears by a Memorandum endorsed hereon and signed by the chairman of the meeting and countersigned by the secretary of the Railway Company. And at such Special Meeting a Resolution was also passed approving of these presents and the provisions herein contained as a proper Deed of Trust for securing the said Bonds and authorizing the Railway Company to execute the same accordingly.

And whereas the Construction Company and the said Horace Janson Beemer have at the request of the Railway Company agreed to join in these presents for the purpose of releasing and discharging the Railway Company and the property hereinafter mortgaged from all the covenants and obligations made by the Railway Company towards them and persons claiming under them by the hereinbefore recited agreements or any of them so far as relate to the issue or payment to them of the said bonds but nothing herein contained shall release the Railway Company from any other provision of the said agreements nor any liability of the Railway Company to make any payments to them in cash or otherwise instead of the issue to them of such bonds so nevertheless that no such provision or liability shall affect the property hereinafter mortgaged in priority to the mortgage and charge hereby created.

And whereas by way of consideration for the execution by them respectively of these presents the Railway Company have paid to the Construction Company and to the said Horace Janson Beemer and to the Trustees respectively the sum of one dollar (the receipt of which respective sums they the said Construction Company Horace Janson Beemer and the Trustees do hereby respectively acknowledge).

Now this Indenture witnesseth that the Railway Company as beneficial owners for and in consideration of the premises and for the purpose of securing the payment of the Bonds so to be issued and the interest thereon as specified in the Interest Coupons thereto attached



and every part of the said principal and interest as the same shall become payable according to the tenor of the said bonds have granted bargained sold assigned released and confirmed and by these presents do grant bargain sell assign release and confirm and The Construction Company and the said Horace Janson Beemer in so far as their respective interests are concerned for the purposes aforesaid hereby convey and confirm unto the Trustees their heirs and assigns and to their successors in the trust All and singular the division or portion of the Railway of the Railway Company extending from the City of Quebec to Roberval on Lake St. John aforesaid being the main line of the said Railway extending for a distance of 190 miles measured along the track of the said railway as the same is now located and constructed or in course of construction or as the same being the main line as aforesaid may hereafter be changed located and constructed subject only as to the bridge crossing the River St. Charles now in course of construction and the proposed terminal station and station grounds in Quebec and the intervening section of line between the said bridge and the station to such joint rights of user thereof by the Quebec Montmorency and Charlevoix Railway Company as may be agreed upon between the Company and the said Quebec Montmorency and Charlevoix Railway Company together with all and singular rights of way road beds depot grounds and lands used for the purpose of construction or running of the said division or portion of the said railway and all docks piers quays tracks bridges viaducts culverts fences depots stations station houses station grounds engine houses car houses freight houses wood houses machine shops and all other shops and all other structures and buildings whatsoever now held and acquired or hereinafter to be in anywise held or acquired by the Railway Company their successors or assigns for use in the construction maintenance and operation of or for use in connection with the running of such division or portion of the said railway or of any part thereof now owned by it or that may be hereafter constructed And also the steamer "Peribonca" now on Lake St. John and all locomotives tenders passenger baggage freight and other cars and all other rolling stock and equipment whatsoever and all machinery tools and implements and all fuel supplies and materials now held or acquired or hereafter to be held or acquired by the Railway Company their successors or assigns for constructing maintaining operating repairing or replacing the said division or portion of the said railway between the points aforesaid or any part thereof or being used in connection therewith or any of the equipment or appurtenances thereof. And also all revenues freights tolls income rents issues profits and sums of money arising or to arise from the use of the said division or portion of the said railway or of the property hereby conveyed or any part thereof subject nevertheless to the working expenses of the said railway docks piers quays and steamer and to all rates taxes and assessments and other Government charges And also all rights privileges powers immunities and exemptions and all corporate and other franchises now owned held and

enjoyed by the Railway Company or hereafter to be held and enjoyed or conferred upon them their successors or assigns in any way connected with or relating to the said division or portion of the said railway constructed and to be constructed or to the said docks piers quays steamer and premises and the benefit of any agreements connected therewith or relating thereto and in particular of the agreements for construction aforesaid so far as they relate thereto or to any part thereof. And the reversion and reversions remainder and remainders thereof.

To have and to hold the above described division or portion of the said Railway and the lands used for the purpose of constructing or running of the said division or portion of the said railway and the said docks piers quays and steamer premises things rights profits privileges immunities franchises and premises acquired and to be acquired and hereby expressed to be conveyed and intended so to be free from incumbrances. Unto the Trustees their successors and assigns to the only use and behoof of the Trustees their successors and assigns upon the trusts hereinafter declared concerning the same.

Provided always and it is hereby agreed and declared that notwithstanding anything in the heretofore recited Acts of Parliament or in any other Acts of Parliament now existing the Railway Company shall retain full power to mortgage pledge assign and otherwise deal with all and every their railway property and undertaking freed and discharged from any lien or mortgage claim of the Bonds secured hereby except such portion of the said railway property and undertaking as is hereby mortgaged and pledged for the security of the same but they shall not exercise or attempt to exercise such power without the written consent thereto of the Trustees first had and obtained unless and until they shall have obtained legislative power to mortgage pledge assign or otherwise deal as aforesaid with such other portions of their said property and undertaking separately and distinctly from the portions of the property hereby mortgaged and pledged and it is hereby agreed and declared and the Railway Company hereby expressly covenant with the Trustees their successors and assigns that any subsequent issue of Bonds mortgage pledge or charge shall contain a declaration exempting the property hereby mortgaged from the security thereby created and the operation thereof to the intent that the Bonds hereby secured may be a first and exclusive charge upon the Railway and property hereby mortgaged.

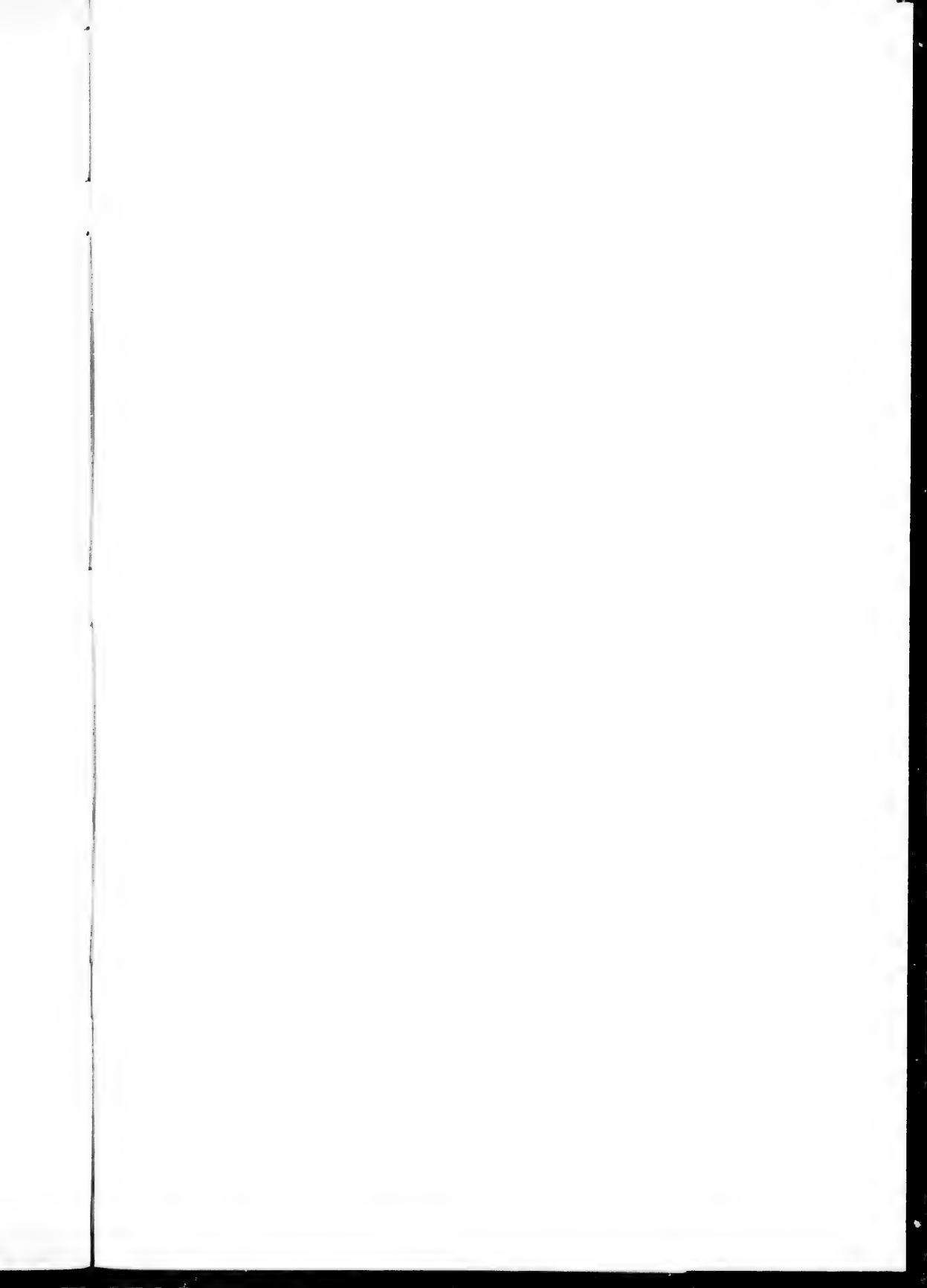
And it is hereby agreed and declared that the Trustees and their successors in the Trust shall hold the premises hereby assured and also the said sum of £200,000 and the sums so to be paid as aforesaid by way of providing for the interest on the said Bonds as and when the same shall respectively be received upon the trusts to and for the uses and purposes and with the powers and authority and upon the conditions hereinafter mentioned and set forth that is to say :

Article 1.—Until default shall be made by the Railway Company in the payment of the principal or interest of the said Bonds hereby secured or some one or more of them or until default shall be made by the Railway Company in respect of something herein required to be done or kept by them the Railway Company shall be suffered and permitted to possess manage and enjoy the said division or portion of the said railway and the land docks piers quays and steamer expressed to be conveyed and assured hereby together with the equipments and appurtenances thereof or used in connection therewith and the franchises appertaining thereto and to take and use the rents incomes profits tolls and issues thereof in the same manner and with the same effect as if this deed had not been made but subject or to be subject nevertheless to the lien of these presents.

Article 2.—In case default shall be made in the payment of any interest to accrue on any of the aforesaid Bonds to be issued by the Railway Company when such interest shall become payable according to the tenor of such Bond or the terms of any coupon thereto annexed and such default shall continue for the period of three months or in case default shall be made in the observance or performance of any other matter or thing in these presents mentioned and agreed or required to be observed and performed by the Railway Company and such default shall continue for the period of three months then and from thence forth and in either of such cases it shall be lawful for the Trustees or for their attorneys or agents to enter into and upon all and singular the said division or portion of the said railway and the land docks piers quays and steamer and other the premises hereby conveyed or intended so to be or to be acquired or constructed or any part thereof and from thenceforth to have hold possess and use the said railway land docks piers quays steamer and premises and each and every part and parcel thereof then subject to the lien of these presents with full power to operate and conduct the business of the said division or portion of the said railway and the said land docks piers quays steamer and premises by their superintendents managers and servants attorneys or agents either in conjunction with the persons or companies operating and conducting the other portions of the said railway or otherwise and to make from time to time all repairs and replacements and such useful alterations additions and improvements thereto as may seem to them judicious and to collect and receive all tolls fares freights incomes rents issues and profits of the same and of every part thereof and after deducting the expenses of operating the said division or portion of the said railway and the said land docks piers quays steamer and premises and conducting the business thereof and of all the said repairs replacements alterations additions and improvements and all payments which may be made or may be due for taxes assessments charges or liens prior to the lien of these presents upon the said premises or any part thereof as well as remuneration and just compensation for their own services and for the services of such attorneys and counsel and all other agents and persons as shall have been by them employed the Trustees shall apply the money arising from such

collections and receipts as aforesaid to the payment of interest on the said Bonds in the order in which such interest shall have become and shall become due rateably to the persons entitled to such interest and if after paying in full the interest which shall have accrued on the said bonds a surplus of the moneys arising as aforesaid shall remain and the principal of said bonds shall not be due and such surplus or any part thereof shall not be required in the judgment of the Trustees for the protection of the property or to provide for the instalment of interest next thereafter to fall due the same shall be paid over to the Railway Company but in case the principal of the said bonds or any of them shall have become due the surplus arising as aforesaid shall be reserved to be applied to the payment of the said bonds upon a sale of the said railway land docks piers quays steamer and premises as hereinafter provided. Provided always that the time during which the Trustees shall hold and run the said division of the Railway under the provisions of this Article shall not exceed the period of 50 years for any one default.

Article 3. -In case default shall be made in the payment of interest on the said bonds or any of them as aforesaid and shall continue as aforesaid for the period of six months thereafter or in case default shall be made in the payment of the principal of the said Bonds or any of them or any part thereof or in case default shall be made in the observance or performance of any other matter or thing in these presents mentioned and agreed or required to be observed and performed by the Railway Company and such default shall continue for the period of six months then it shall be lawful for the Trustees after such entry as aforesaid or after other entry or without entry personally or by their attorneys or agents to sell and dispose of the said division or portion of the said railway and the said land docks piers quays steamer and premises and all and singular the property rights and franchises hereinbefore expressed to be conveyed and assured and which shall be then subject to the lien of these presents either separately or in conjunction with the owner or owners for the time being of the remaining portions of the said line and either together or in parcels at public auction in the city of Quebec in the Province of Quebec or elsewhere in North America or Europe and at such time as the Trustees shall appoint having first given notice of the time and place of such sale by advertisement published not less than three times a week for six successive weeks in at least two daily newspapers in the City of Quebec one of which shall be published in the French language and the other in the English language and in one or more daily newspapers in the City of London England and after such notice it shall be lawful for the Trustees to make such sale or to adjourn such sale from time to time in their discretion and if so adjourning to make the same without further notice of the time and place to which the same shall be so adjourned and to make and deliver to the purchaser or purchasers of the said railway and premises or any part thereof good and sufficient deed or deeds



of conveyance and assurance in the law for the same absolutely which sale made as aforesaid shall be a perpetual bar both in law and equity against the Railway Company and their assigns and all other persons claiming the said premises or any part or parcel thereof by from through or under the Railway Company or their assigns and after deducting from the proceeds of such sale just allowances for all expenses thereof including attorneys' and counsels' fees and all other expenses advances or liabilities which may have been made or incurred by the Trustees in operating or maintaining the said railway land docks piers quays steamer and premises or in managing the business thereof and all payments by them made for taxes or assessments and for charges and liens prior to the lien of these presents on the said premises or any part thereof as well as a reasonable compensation for their own services in addition to the amount of £400 per annum for the Trustees and the amount of £100 per annum for Agents hereinafter mentioned it shall be lawful for the Trustees and it shall be their duty to apply the residue of the moneys arising from such sale to the payment of the principal and accrued and unpaid interest on all the said Bonds which shall then be outstanding without discrimination or preference as between principal and accrued and unpaid interest or as between the holders of the said Bonds or of any coupons issued therewith representing accrued and unpaid interest but equally and rateably to all such Bond and Coupon holders and if after the payment and satisfaction of the principal and interest of the said Bonds a surplus of the said proceeds shall remain to pay such surplus to the Railway Company or their assigns. And it is hereby declared and agreed that the receipt of the Trustees shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money and that after payment of such purchase money and having such receipt such purchaser or purchasers shall not be obliged to inquire into the application of such purchase money upon or for the trusts or purposes of these presents or be in any manner whatsoever answerable for any loss misapplication or non-application of such purchase money or of any part thereof or be obliged or entitled to enquire into the necessity expediency or authority of or for any such sale or as to the Trustees having issued advertisements or otherwise complied with the provisions hereof but such sale shall as regards the safety and protection of every purchaser be absolutely valid and unimpeachable and the remedy of the Railway Company (if any) shall be only in damages against the Vendors. And it is hereby also declared that if any of the premises herein comprised shall after the power of sale herein contained shall have arisen (of which fact a declaration by the Trustees shall be sufficient evidence) remain unsold it shall be lawful for the Trustees to let the same for such term and in such manner as shall in their or his discretion seem fit and they shall apply the net rents and profits to arise thereby to the payment of the said Bonds and accrued and unpaid interest as upon a sale of the said railway land docks piers quays steamer and premises.

Article 4.—It shall be the duty of the Trustees to exercise the power of entry hereby granted or the power of sale hereby granted or both or to proceed by suit or suits in equity or at law to enforce the rights of Bondholders in the several cases of default herein specified on the part of the Railway Company or their assigns in the manner and subject to the qualifications herein expressed upon the requisition of Bondholders as herein prescribed as follows:—

1.—In case default shall be made in payment of interest to accrue on any of the said Bonds to be issued as herein provided and such default shall continue as aforesaid for a period of six months then and in every such case upon a requisition in writing signed by the holder or holders of Bonds to an aggregate amount of not less than one fifth of the amount of said Bonds then outstanding and adequate and proper indemnification of the Trustees against the costs expenses and liabilities to be by them incurred it shall be the duty of the Trustees to proceed to enforce the rights of the Bondholders under these presents by such proceeding authorised by these presents or by law as they shall be in such requisition directed to take or if such requisition contains no such direction then by entry sale or suit or suits in equity or at law as they being advised by counsel learned in the law shall deem most expedient for the interest of the holders of the said Bonds the rights of entry and sale hereinbefore granted being intended as cumulative remedies additional to all other remedies allowed by law for the execution and enforcement of the trusts hereof. Provided nevertheless that it shall be lawful for a majority in interest of the holders for the time being of the said Bonds by an instrument under their hands and seals or by a vote at a meeting duly convened and held as hereinafter provided to direct the Trustees to waive such default upon such terms as may be directed by such majority in such instrument or by such vote and thereupon and upon proper indemnity being given to them the Trustees shall waive the said default accordingly. And it is hereby provided and expressly agreed that no holder of Bonds or Coupons secured to be paid hereby shall have the right to institute any suit or proceeding for the foreclosure of this Indenture or the execution of the trusts thereof except upon and after the refusal or neglect of the Trustees hereunder to proceed to act in the premises upon requisition and indemnification aforesaid but it shall nevertheless be lawful for a majority in interest of the holders for the time being of the said Bonds to direct the party or parties bringing any such suit or proceeding to waive the default or defaults on which it is founded in like manner as is hereinbefore provided for a direction to the Trustees to waive default and thereupon and upon proper indemnity being given to the party or parties bringing such suit or proceeding he or they shall waive such default accordingly. And it is hereby further declared and provided that no action taken by the Trustees or by the Bondholders under this

clause shall prejudice or in any manner affect the powers or rights of the Trustees or of the Bondholders in the event of any subsequent default or breach of condition or covenant herein.

2.—If the Railway Company shall make default or breach in the performance or observance of any other condition obligation or requirement by the said Bonds or by this present deed imposed on them then and in such case the Trustees shall upon a requisition in manner aforesaid of not less than one-fifth in interest of the Bondholders for the time being and upon adequate and proper indemnification of the Trustees against the costs expenses and liabilities to be by them incurred proceed to enforce the rights of the Bondholders under these presents in the manner by the first clause of this Article provided subject to a power in such majority at any time to direct in manner aforesaid the Trustees to waive such default or breach upon reparation therefor to the satisfaction of such majority being made and the Trustees shall upon proper indemnity being given to them waive the same accordingly. And it is hereby provided that no action taken by the Trustees or by the Bondholders under this clause shall prejudice or in any manner affect the powers or rights of the Trustees or of the Bondholders in the event of any subsequent default or breach of condition or covenant herein.

Article 5.—If at the expiration of the said term of ten years for which the guarantee of the said Government is given there shall not be in the hands of the Trustees either out of the accumulation in their hands of the net earnings during the said term or by means of payment to them by the Railway Company or in both these ways a sufficient amount to pay two years' interest on the said Bonds or if at any time thereafter during the continuance of this security the Trustees shall cease to have in their hands such a sufficient amount as aforesaid then and from thenceforth the principal sum of each and every of the Bonds hereby secured shall at the option of the Trustees become and be immediately due and payable notwithstanding the time limited in the said Bonds for the payment thereof may not then have elapsed and the Trustees shall forthwith call a meeting of the Bondholders as hereinafter provided and shall report to them that such default has been made as aforesaid. Provided always that a majority in interest of the holders of all the said Bonds which shall be then outstanding shall have the power by an instrument in writing under their hands and seals or by a vote at such meeting to instruct the Trustees to declare the said principal due or to waive the right so to declare on such terms and conditions as such majority in interest shall prescribe and such majority in interest may by such instrument in writing or such vote annul or reverse any declaration of the Trustees in respect of said Bonds becoming or not becoming immediately payable provided always that no act or omission either of the Trustees or of the Bondholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.

Article 6.—In case default shall be made in the payment of interest on the said Bonds or any of them as aforesaid and shall continue as aforesaid for a period of six months thereafter or in case default shall be made in the payment of the principal of the said Bonds or any of them or any part thereof the right of voting possessed by the Shareholders of the Railway Company shall cease and determine and shall thereafter appertain solely to the Bondholders provided that any Bondholder before exercising such right of voting shall register his Bonds and any transfers thereof at least one week previous to date of any General Meeting at which it is desired to exercise such right in the same manner as is provided for registration of shares of the Railway Company and it shall be the duty of the Secretary of the Railway Company to register the same on being required so to do by any holder thereof or by any holder of any transfer thereof. Provided always that in no case shall the City of Quebec lose its full rights as a shareholder in the Railway Company and the provisions as to determination of right of voting herein contained shall not apply to the shares owned by the Corporation of the said City which shall continue to be represented on the board of directors of the Railway Company and shall be entitled to its interest in the net revenues of the said railway after the principal and interest on the Bonds shall have been paid as provided by the said Act but this proviso shall not affect the absolute operation of a sale under the power of sale hereinbefore contained.

Article 7. —The Trustees shall at all times during the continuance of the trusts hereby created have power and authority to be exercised in their own discretion and not otherwise to convey or release from the lien and operation of these presents upon such terms as they may think fit to any party who may be designated in writing by the Railway Company to receive the same any portion of the lands and premises conveyed hereby or at any time required or held by the Railway Company for use in connection with the said division or portion of the said railway or the docks piers or quays or the construction maintenance or operation thereof but which in the judgment of the Trustees shall be unnecessary to be longer retained for use in connection therewith and in particular may release unconditionally sufficient land contiguous to the line of railway for the erection of the elevator hereinafter referred to and the Trustees shall also have power and authority to allow the Railway Company from time to time to dispose of in their discretion such portions of the equipment machinery implements and things at any time acquired or held for the use of the said division or portion of the said railway and steamer as shall have become unfit or unnecessary for such use. And also power if and when they shall be in possession of the said division or portion of the said railway land docks piers quays steamer and premises or previous to a sale thereof by them out of the assets in their hands for the time being to expend such a sum or sums of money upon the residue of the Railway Company's line or to enter into such agreement in relation to the working

thereof as may in their discretion be necessary or advisable in order to promote the traffic and to increase the revenues and income of the division or portion of the said railway land docks piers quays steamer and premises comprised in this security and for the purpose of ascertaining the proportion of the revenues and income derived from the through traffic or working of the said entire line which is referable to and the proportion of the general expenses of the said entire line which ought to be borne by the division or portion thereof and the said land docks piers quays steamer and premises comprised in this security to submit the same to arbitration and to arrange with the Railway Company or other the person or persons interested therein a proper system of division by which such proportion may be ascertained.

Article 8.- The Trustees shall stand possessed of the said sum of £200,000 so to be paid to or retained by them as aforesaid and of any investments for the time being representing the same (all which sum and investments are hereinafter referred to as the "Completion Fund") upon trust that both the Capital and the Income of the Completion Fund may from time to time be applied to one or more of the following purposes that is to say:—The completion of the construction and equipment of the said division or portion of the said railway dock piers and quays in accordance with the said agreement of the 10th day of July 1883. The supplying of all such further station and other buildings rolling stock, machinery plant and appurtenances articles and things as may in the opinion of Alexander Luders Light in the said agreement named or after his decease or in the event of his being unable or unwilling to act then in the opinion of such other engineer as may be agreed upon between the Railway Company and the Trustees (the said Alexander Luders Light or such other engineer being hereinafter called "the Engineer") be necessary for the thoroughly efficient working of the said division or portion of the said railway and the said docks piers quays and steamer hereby mortgaged and the Trustees may accordingly from time to time upon the request of the Railway Company and upon the production of certificates purporting to be granted by the engineer pay out of the capital or income of the Completion Fund such a sum as may from time to time be named in such certificate to the joint account of the said Horace Janson Beemer and the Railway Company at some Bank to be named by them and approved by the Trustees. And if any part of the Completion Fund shall remain in the hands of the Trustees after the production to and payment by them of a certificate purporting to be the final certificate of the engineer and expressing or implying that the construction and completion aforesaid and also of the elevator hereinafter mentioned are finally concluded then and in such case the Trustees shall upon the request aforesaid pay such remaining part of the completion fund to the joint account aforesaid. Provided always and it is hereby expressly declared that until the elevator hereinafter mentioned shall appear by some certificate of the engineer to be completely erected the Trustees may notwithstanding they shall thereby be unable to provide the

amount of any other certificate retain in their hands any part of the Completion Fund not exceeding the amount or value of £20,000. Provided also that the payment by the Trustees to the Bank aforesaid shall be a good and sufficient discharge to them for the moneys so paid and that although any works named in the certificates presented to them may not have been actually executed or may not be within the description of works hereinbefore contained.

Article 9.—The Trustees shall stand possessed of any sums paid to them as aforesaid during the period of ten years for which the interest on the said Bonds is guaranteed by the Government of the said province and also of any sums paid to them as aforesaid after the expiration of the said period of ten years for the purpose of enabling them at all times to have in hand an amount at least equal to two years interest on the said bonds and also of the investments for the time being representing such sums (all which sums and investments are hereinafter referred to as the Interest Guarantee Fund) upon trust as to the income of the Interest Guarantee Fund until the said fund shall amount to sufficient to pay five years interest on the bonds for the time being outstanding to capitalise the same and add it to the said fund and thereafter upon trust so long as such fund amounts to more than sufficient to pay two years interest on the bonds for the time being outstanding to pay such income to the Railway Company and as to the capital of the Interest Guarantee Fund and also as to the income thereof if and when the capital thereof shall not be more than sufficient to pay two years interest on the Bonds for the time being outstanding upon trust to hold the same as a fund for the purpose of guaranteeing and insuring the due payment from time to time of the interest on such Bonds and for that purpose from time to time upon the request in writing of the Railway Company either to pay to the Railway Company thereout such an amount as may from time to time be required to pay any interest for the time being due or about to fall due upon the said Bonds or (at the option of the Trustees) to make the payments of such interest by themselves or their agents. And subject to the aforesaid guarantee of interest the Interest Guarantee Fund shall be held as a further security for the principal of the said bonds and subject thereto upon trust for the Railway Company their successors and assigns.

Article 10.—None of the bonds of the issue provided for in these presents shall become obligatory upon the Railway Company nor shall the payment of any bond of the said issue become secured thereby until the certificate of the trustees shall be endorsed thereon to the effect and in the form appearing in the schedule hereto. And it is the intention hereof and the same is so hereby declared that all of the bonds issued under the provisions of this instrument shall be equally in all respects secured by these presents upon all the property covered thereby without preference priority or discrimination on account of or with reference to the times of the actual issue thereof or of any of them but such bonds

shall bear interest respectively only from the commencement of the semi-annual interest period in which they shall be issued and the past due coupons (if any) shall be cut off and cancelled before the certification or issue of the said bonds.

Article 11.—All bonds to be secured by this deed of trust and mortgage shall *prima facie* be payable to bearer and be negotiable and pass by delivery unless registered for the time being in the names of the owners thereof in the manner hereinafter provided and the Railway Company shall keep at its transfer office in the City of Quebec a bond register in which every holder of a bond shall be entitled to have his name and address and the number of the bond held by him entered upon presenting at the said office a written statement of the said particulars and verifying his title to such bond by the production thereof duly endorsed with his name as the holder thereof or otherwise. And every such registration of ownership shall if required be properly certified on the bond. After such registration of ownership of any such bond so certified thereon no transfer shall be made or shall be valid except in writing in a suitable form signed by the party registered as the owner thereof for the time being or his legal representative or his or their agent or attorney thereunto duly authorised. And the fact of every such transfer shall be entered upon the above mentioned Bond Register so as to show the number of the bond transferred and the name and address of the transferee unless any such transfer shall be to bearer in which case it shall be so entered. And every such transfer shall if required be noted on the bond and if the last transfer be to bearer it shall restore to it transferability by delivery but every such bond shall be subject to successive registration and transfers to bearer as aforesaid at the option of each holder.

Article 12.—In case the Corporation hereby constituted to be Trustees hereof shall at any time hereafter desire to retire from the trusts of these presents they shall be at liberty so to do upon having called a meeting of such of the bondholders as shall have registered their bonds for the purpose of electing a new Trustee or new Trustees and at any such meeting any new Trustee or new Trustees whether individuals or corporations may be elected to supply the vacancy in the trust and any regulations may be made as to the tenure of office remuneration or otherwise of such new Trustee or Trustees but in default of regulation to the contrary every and all such new Trustee or Trustees shall be competent to exercise all the powers and discretions and be entitled to all the immunities and indemnities hereof and that although there may at any time be a vacancy in their number shall be removable by a resolution of the bondholders who shall have registered their bonds passed at a meeting specially called for that purpose may in the case of a vacancy caused by death resignation incapacity to act or removal from office have his or their place or places supplied by a new Trustee or new Trustees to be elected at a meeting of such registered bondholders called for that purpose or in case no such election shall take place within three calendar months

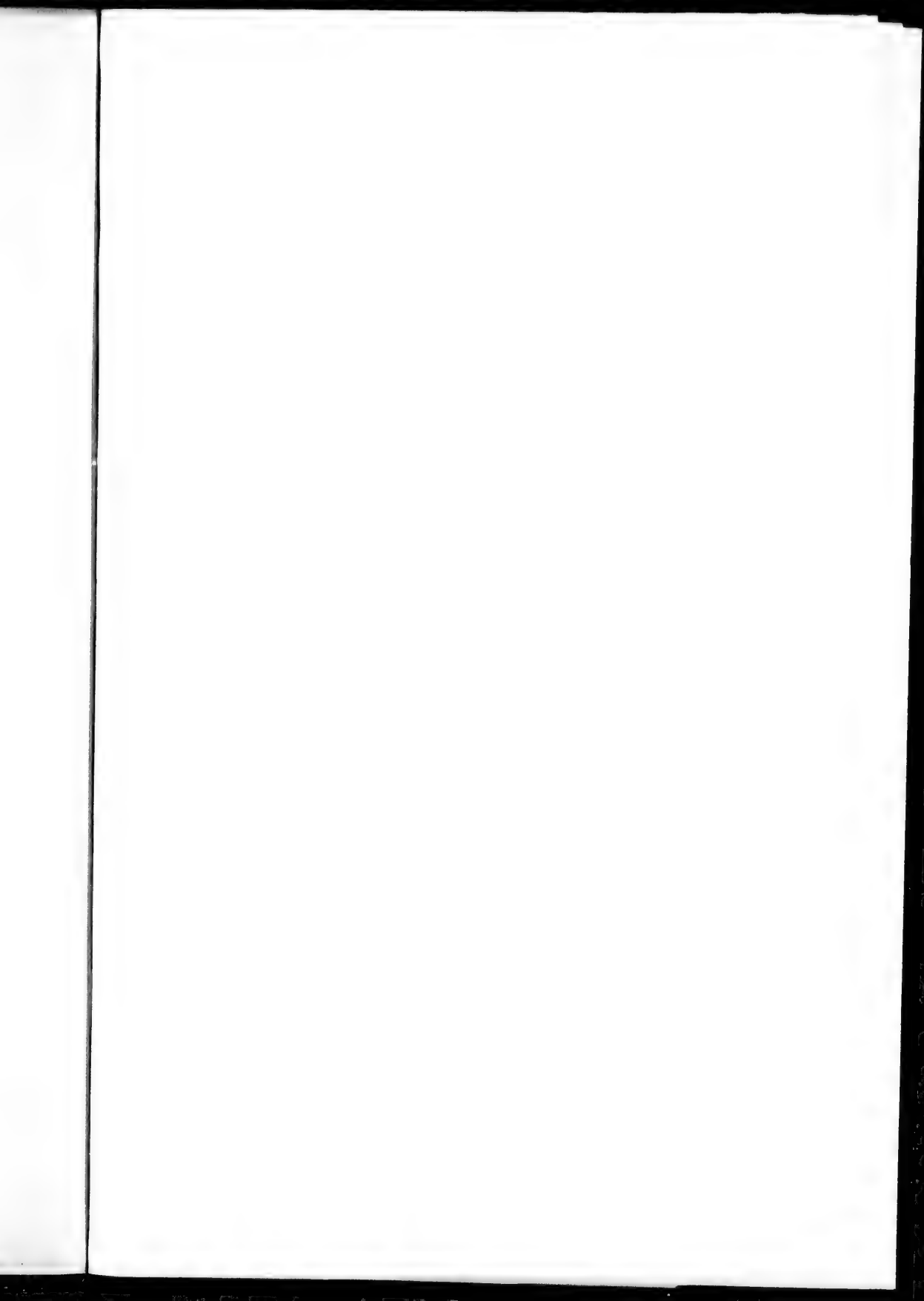
of the vacancy then to be appointed by the Chancery Division of the High Court of Justice in England upon the petition of any registered bondholder and shall be entitled to the remuneration hereinafter mentioned which shall be shared between them if more than one in such proportions as they shall determine or in default of determination equally.

Article 13.—The Trustees shall be at liberty to appoint any person or firm to represent them and to act as their agent or agents in the Dominion of Canada and may take such legal advice and employ such further assistance as may be necessary in their judgment to the proper discharge of their duties and shall be entitled in addition to the remuneration hereinafter mentioned to reasonable compensation for all and any services which may hereafter be rendered by them in case of default by the Railway Company or under other special circumstances and for all expenses which may be incurred by them in the said trust. The Trustees shall also be entitled by way of remuneration for their ordinary services hereunder to a sum of £400 per annum and any such agent or agents as aforesaid shall be entitled to an annual remuneration of £100 per annum and the Railway Company hereby promise and agree to pay on demand the remunerations and compensation aforesaid but in case the Railway Company should make default in such payment the same may be retained by the Trustees out of any trust moneys coming into their hands.

Article 14.—The Trustees shall not be answerable for the default or misconduct of any agent or attorney by them appointed under or pursuant to these presents if such agent or attorney be selected with reasonable care nor for any error or mistake made by them in good faith but only for personal misconduct or gross negligence in the execution of the said trusts on the part of the Trustee sought to be made liable.

Article 15.—Any moneys at any time in the hands of the Trustees and which may not be immediately required may be invested in the names or under the legal control of the Trustees in any of the public stocks or funds or Government securities of the United Kingdom or of the Dominion of Canada or the Government of the Province of Quebec or in the Stock of the Bank of England or in Municipal Debentures or Bonds of any Incorporated City or Town in the Dominion of Canada or in or upon any other investments or securities for the time being agreed upon between the Railway Company and the Trustees or may be placed on deposit in the names or name of the Trustees in such banks or bank as they may think fit and any of the said investments may be varied for others of a like nature.

Article 16.—Meetings of the Bondholders under this Deed of Trust may be called in such mode as may be fixed by regulation prescribed or established by such bondholders and such bondholders may vote at such meetings personally or by proxy and the quorum



may be defined and such other regulations or bye-laws in respect of such meetings may be from time to time established altered or repealed by the bondholders acting by the majority in interest as to them shall seem expedient and until such bondholders shall define the quorum and make such regulations or bye-laws such powers may be exercised by the Trustees and the Trustees shall have the right at or before any meeting of bondholders to require that any act or resolution of the bondholders affecting the duties of the Trustees shall be authenticated by the signatures of all the persons assenting thereto as well as by a minute of the proceedings of the meeting. And whenever and as often as any contingency shall arise in which the action of the holders of the bonds secured hereby shall be necessary or in which the said bondholders are herein declared to have any discretionary voice or power it shall be the duty of the Trustees and such Trustees shall be and are hereby authorised and required to call a meeting of the holders of bonds secured hereby to be held in the City of London England and in the absence of any regulation or bye law determining the notice to be given of such meeting it shall be notified to the bondholders whether their Bonds are registered or not by advertisement (the expenses whereof shall be a liability of the Railway Company and may be defrayed if necessary from the trust fund) to be published twice in each week for two successive weeks in at least two daily newspapers of good circulation among the business community in said City and also for a like number of times in two daily newspapers in like circulation in the City of Quebec one of which shall be published in the French language and the other in the English language. The last of such notices to appear not less than 14 clear days before the date fixed for such meeting. And in default of such meeting being called by the Trustees within 30 days after notification to them in writing by any bondholder of the necessity therefor or in case the trust shall be wholly vacant it shall be competent for any holder or holders of the said bonds to the aggregate amount of at least one-fifth of the entire outstanding Bonds of the Railway Company of the issue hereby secured to call the said meeting. And at every meeting so convened aforesaid a majority in interest of such of the holders of the said Bonds as should be present personally or by proxy and shall vote on any resolution shall be competent to exercise (except when by these presents the authority of a majority in interest of all the Bondholders is rendered requisite) all the powers and authorities conferred upon them by these presents each such holder being entitled to a vote for each Bond held by him. But until otherwise provided pursuant to the provisions of this instrument in that behalf one-fourth in interest of the holders of the outstanding Bonds hereby secured for the time being shall be required to be present in person or by proxy to constitute a quorum at any such meeting.

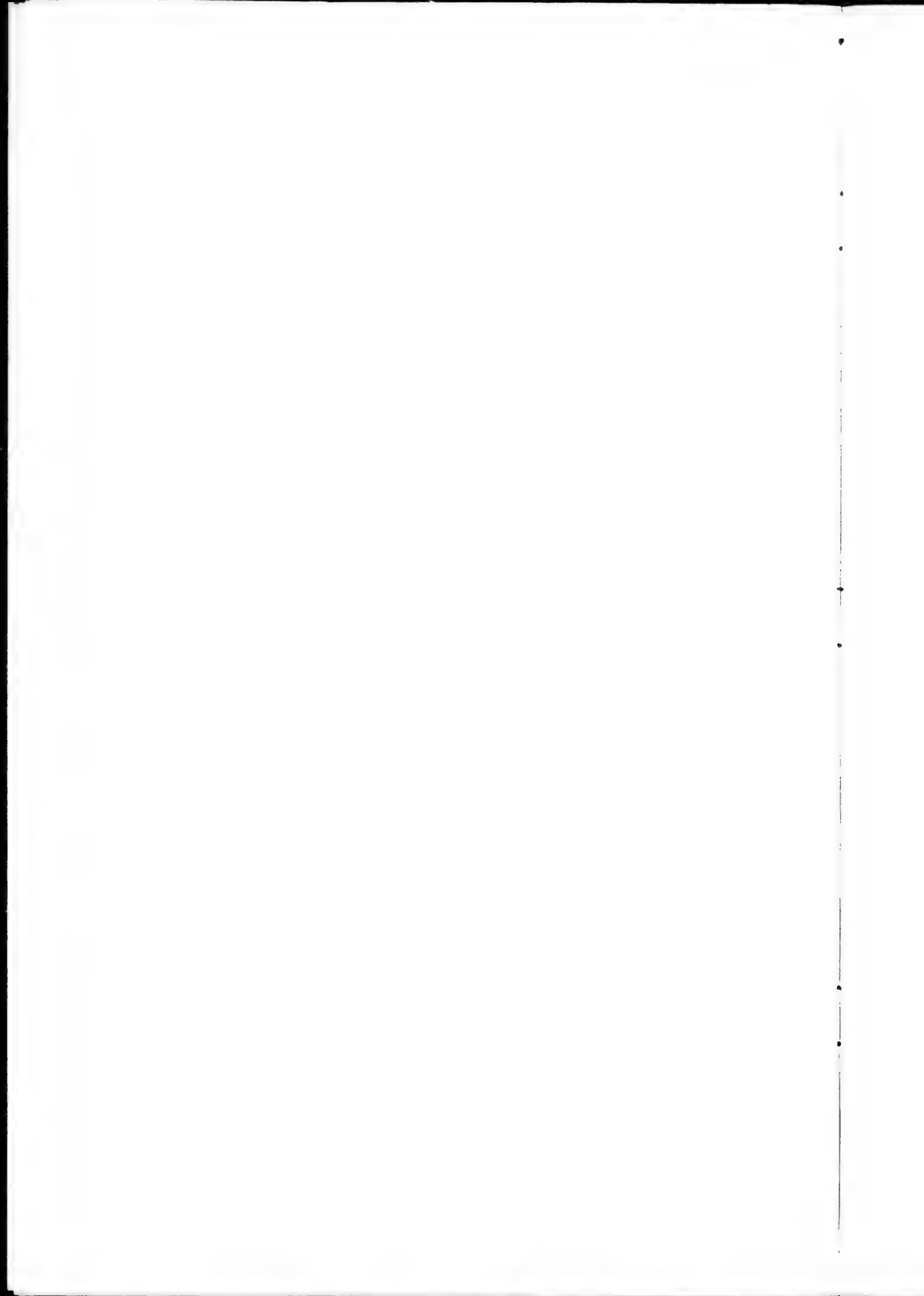
Article 17.— If the Railway Company or their assigns shall well and truly pay the principal of each and every of the said Bonds secured

by this instrument when the same shall become payable and all interest thereon as hereinbefore provided and according to the tenor of such Bonds respectively and shall well and truly do and observe every other matter and thing provided or mentioned in these presents to be by them done and observed then and in that case all the estate right title and interest of the Trustees by these presents created shall cease determine and become void otherwise the same shall remain in full force and virtue. And upon any such determination of such interest the Trustees shall execute such re-conveyance and re-assignment of the premises as may be necessary or expedient.

Article 18.—And the Railway Company in consideration of the premises hereby covenant and agree to and with the Trustees and their successors in the trust created by these presents in manner following, that is to say—First: that they will erect or cause to be erected an Elevator upon such part of the land included in this security or upon land contiguous to the said Railway and of such size efficiency and workmanship as in the opinion of the Engineer shall be necessary and proper for the purposes of the said Railway and that until this shall have been done the Trustees shall be at liberty to retain out of the £200,000 next hereafter mentioned the sum of £20,000. Secondly that the Railway Company will out of the first moneys received in respect of the issue of the said Bonds pay to the Trustees or allow them to retain the sum of £200,000 sterling to meet the expense of completing the construction and equipment of the said division or portion of the said line docks piers and quays in accordance with the said agreement of the 10th day of July 1883 and of supplying the other works and things and for the other purposes hereinbefore mentioned. Thirdly that whenever and as often as the Railway Company shall hereafter acquire any additional property rights franchises or things whatsoever for the construction of or for use upon the said division or portion of the said railway and the said land docks piers quays steamer and premises or upon any part thereof the Railway Company and their assigns will forthwith convey or deliver the same to the Trustees for the benefit of the Trust by these presents created and will until such conveyance and delivery acquire possess and hold the same and every part and parcel thereof upon and subject to the trusts of this Indenture. Fourthly that they will cause the said line from the present junction with the Canadian Pacific Railway into Quebec and the said line to Roberval to be constructed with all possible speed and the whole of the said division or portion of the said railway docks piers and quays to be fully constructed equipped and completed in accordance with the said agreement of the 10th day of July 1883 and will supply all such further station and other buildings rolling stock machinery plant and appurtenances articles and things as may in the opinion of the Engineer be necessary and proper for the thoroughly efficient working of the said division or portion of the said Railway and the said docks piers quay

and steamer and will at all times during the continuance of this security maintain the said steamer and all and singular the locomotives tenders passenger luggage freight and other cars and all other rolling stock and equipment whatsoever and all machinery tools implements and things which now are or hereafter at any time shall be comprised in the security hereby created or intended so to be in a good and serviceable state of repair and working order and whenever during the continuance of the security any of the said premises shall be worn out or rendered unserviceable will as soon as may conveniently be replace such of them as shall be so worn out or rendered unserviceable by others of at least equal value so as at all times to keep up and maintain the total value of the said steamer locomotives tenders passenger luggage freight and other cars and all other rolling stock and equipments machinery tools implements and things for the time being comprised in this security and that they will in addition to the provisions aforesaid supply keep up and maintain any further steamers rolling stock locomotives tenders passenger luggage freight and other cars equipment materials and things necessary for the working of the said division or portion of the said line and the said docks piers quays steamer and premises in a satisfactory and adequate manner. Fifthly that they will immediately upon the execution of these presents cause to be affixed to the said steamer and to all locomotives tenders passenger luggage freight and other cars and all other rolling stock implements and equipment whatsoever and all machinery tools implements and things which now are or hereafter at any time shall be comprised in the security hereby created or intended so to be some badge mark or device to be approved by the Trustees by which it shall appear that such steamer rolling stock equipment machinery tools implements and things are held by the Railway Company for the purpose of the security given by these presents and will do all things necessary according to law so far as possible to secure that the said steamer rolling stock equipment machinery tools implements and things are subject to and constitute an effective security for the purposes of these presents according to the terms hereof and will in like manner mark all steamers rolling stock equipment machinery and tools implements and things and other property hereafter acquired by them for the purposes of the said division or portion of the said railway and the said docks piers quays steamer and premises in accordance with the provisions hereinbefore contained and will in like manner do all things necessary to constitute the same an effectual security for the purpose of these presents. Provided always that if the Railway Company do not keep the said division or portion of the said Railway and the said docks piers and quays in such repair as aforesaid and do not maintain the said steamer and all locomotives tenders passenger freight and other cars and all other rolling stock and equipments machinery tools implements and things as herein provided the Trustees may do so out of any trust funds in their

hands but nothing herein contained shall release the Railway Company from any obligations hereby imposed upon it nor affect the rights and powers of the Trustees under any other Article hereof. Sixthly that the Railway Company will during the period of ten years from the 1st day of July 1888 or until a sufficient sum shall be accumulated in the hands of the Trustees to provide for the interest on the said Bonds for a period of five years after the expiration of the said period of ten years whichever of the said two alternative periods shall be the shorter pay to the Trustees or allow them to receive in each and every year the whole of the net earnings of the said division or portion of the said Railway and of the said land docks piers quays steamer and premises and will after the expiration of the said period of ten years and at all times while the said Bonds or any part thereof remain outstanding pay to the Trustees out of such net earnings as aforesaid or if the same are insufficient then otherwise such a sum or such sums as will together with any amounts paid to them during the said period of ten years and notwithstanding any application of any of the said amounts under the trusts hereinbefore declared enable the Trustees at all times to have in hand an amount at least equal to two years' interest on such Bonds. Provided always and it is hereby agreed and declared that if any difference or dispute shall arise as to the manner in which such net earnings shall be ascertained the same shall be submitted to the sole decision of the Engineer or in the event of the submission to him being revoked then to the arbitration of two arbitrators one to be appointed by the Railway Company and the other by the Trustees or to their umpire and in the event of the refusal of either party to appoint an arbitrator or if the arbitrators fail to agree upon an umpire the Court may exercise such power of appointment on the application of the other party. Seventhly that the Railway Company now has full power to mortgage charge pledge or otherwise deal with all or any of its undertaking and property present and future as aforesaid free from any mortgage lien claim or incumbrance whatsoever and that it will use and apply the net earnings and income to be from time to time derived from the said division or portion of the said railway and the said land docks piers quays steamer and premises or from any part thereof or so much of such net earnings and income as may be necessary for that purpose to the payment of the whole of the interest and principal of the said Bonds as and when the same shall become due and will thereby or otherwise fully pay and satisfy the same as and when the same shall become due. Eighthly that the Railway Company will not without the written consent thereto of the Trustees first had and obtained issue or attempt to issue any further Bonds or create or attempt to create any mortgage charge or pledge of or over any portion of their property until they have obtained legislative authority to mortgage charge pledge or otherwise deal with other portions of their property and undertaking separately and distinctly from the portions hereby mortgaged charged and pledged and that every subsequent issue of Bonds mortgage charge or pledge shall exempt the property



hereby mortgaged charged and pledged from the security thereby created and from the operation thereof. Ninthly that the Railway Company will seasonably in each and every year pay and discharge all taxes and assessments of every sort and description which may be lawfully imposed levied or assessed upon all or any part of the franchises or other property herein and hereby conveyed or intended or contemplated so to be so as to keep the mortgaged premises free and clear from any incumbrance by reason thereof. And lastly that they will from time to time and at all times hereafter and as often as thereunto requested by the Trustees and at their own expense execute deliver and acknowledge all such further deeds conveyances and assurances in the law for the better assuring unto the Trustees upon the trusts herein expressed the said division or portion of the railway constructed or to be constructed together with its equipments appurtenances and franchises and the said land docks piers quays steamer and premises and all and singular the property and things hereinbefore mentioned or described and granted or conveyed or agreed or intended or contemplated to be granted or conveyed to the Trustees or their successors in the trust created by these presents as by the Trustees or their successors in the trust hereby created or by their counsel learned in the law shall be reasonably advised devised or required.

In witness whereof the Quebec and Lake St. John Railway Company of Canada have caused their corporate seal to be hereunto affixed and these presents to be signed by their President and Secretary and the said Quebec and Lake St. John Railway Lumbering and Trading Company have also caused their corporate seal to be hereunto affixed and these presents to be signed by their President and Secretary and the said Horace Janson Beemer has hereunto set his hand and seal and the said Trustees Executors and Securities Insurance Corporation Limited to evidence their acceptance of the said trusts have likewise caused their corporate seal to be affixed hereto the day and year first year first above written.

THE SCHEDULE ABOVE REFERRED TO.

(Shewing the form of the Bonds to be secured by the above written Indenture and of the Coupons thereto annexed and of the Guarantee and Certificate thereon endorsed.)

FORM OF BOND.

No.

£100

THE QUEBEC AND LAKE ST. JOHN RAILWAY COMPANY OF CANADA.

The Quebec and Lake St. John Railway Company of Canada First Mortgage Gold Bond secured on the first division of the Railway from the City of Quebec to Roberval on Lake St. John being a distance of 190 miles measured along the track of the said Railway.

The Quebec and Lake St. John Railway Company of Canada (hereinafter called the Company) for value received hereby promises to pay to the bearer or registered holder hereof First the principal sum of £100 in British sterling money in gold coin of the present standard of weight and fineness on the 1st day of July 1908 on presentation and surrender of this Bond at

in London England or at such other place in or near London England as shall be hereafter fixed by the Company with the consent of the Trustees of the Deed of Trust and Mortgage hereinafter mentioned and pursuant to the provisions therein contained and Secondly interest on the principal sum aforesaid in like money at the rate of 5 per cent. per annum until the said 1st July 1908 in like gold coin payable half-yearly on the 1st day of January and on the 1st day of July in each year on presentation and surrender at the place aforesaid of the coupons hereto annexed as they severally become due.

This Bond is one of a series of 7800 bonds each for £100 sterling and all of like tenor and date numbered consecutively from 1 to 7800 inclusive. All the said Bonds are issued under the provisions of the Act of the Legislature of the Province of Quebec passed in the forty-sixth year of the reign of Her Majesty Queen Victoria chapter 88 and entitled "An Act to amend and consolidate the various Acts respecting the Quebec and Lake St. John Railway Company," which is the Act incorporating the said Company and the amending Act of the said Legislature passed in the fifty first year of the reign of Her Majesty Queen Victoria chapter 24 and the payment of all of such Bonds and the interest thereon is secured without reference to the time when they shall be actually issued by a deed of trust and mortgage dated the day of 1888 and made between the Company of the first part The Quebec and Lake St. John Railway Lumbering and Trading Company of the second part Horace Janson Beemer of the third part and The Trustees Executors and Securities Insurance Corporation of the fourth part by which Deed there is conveyed under the authority of the said Acts by way of mortgage free from incumbrances to the said Corporation as Trustees for the holders of the said Bonds so much of the railway of the said Company built and to be built in the Dominion of Canada as extends from the City of Quebec to Roberval a distance of 190 miles measured along the track of the said railway and all the property rights and privileges forming part thereof or used and operated in connection therewith and all the buildings stations fixtures docks piers quays rolling stock steamers plant and appurtenances thereof articles and things now owned or held or that may be hereafter acquired owned or held by the said Company in connection with

the said portion of the said railway the whole as described in the said deed of trust and mortgage which said deed was duly deposited in the Office of Provincial the Secretary on the day of 188

As provided in the said Deed of Trust and Mortgage the said Bonds are not to prevent the Company from mortgaging pledging assigning and otherwise dealing with any parts of their property other than that mortgaged and charged by the said Deed but it is thereby also provided that any subsequent issue of Bonds or Mortgage pledge or charge by the Company shall contain a declaration exempting from the operation thereof the property comprised in the said Deed of Trust and Mortgage to the intent that the monies secured thereby and by this present issue of Bonds may be a first and exclusive charge on the Railway and property thereby mortgaged and charged.

This Bond is payable to bearer and transferable by delivery until registered in the books of the Company at their Transfer Office in the City of Quebec in the name of the holder for the time being thereof and from and after such registration and the certification thereof on the Bond shall cease to be transferable by delivery and shall only be transferred by transfer in writing registered in the books of the Company except nevertheless that the registered holder hereof for the time being may make a transfer to bearer and this Bond will thereupon become again payable to bearer and transferable by delivery alone.

This Bond shall not be obligatory until authenticated by a certificate endorsed hereon and signed by or on behalf of the said Trustees or their successors in office to the effect that it is one of the bonds secured by the Deed of Trust and Mortgage of the day of and that it has been duly issued in accordance with the provisions thereof. It is issued and

shall be received and held subject to the terms of said deed of trust and mortgage.

In witness whereof the Quebec and Lake St. John Railway Company of Canada has caused its corporate seal to be hereunto affixed and these presents to be signed by its President Secretary and Treasurer this day of 188

The Quebec and Lake St. John Railway Company of
Canada.
President.
Secretary.
Treasurer.

[FORM OF COUPON.]

The Quebec and Lake St. John Railway Company of
 Canada. Half-year's interest due on the 1st day of
 18 on the First Division First Mortgage Gold Bond
 No. payable at
 £2 10s. 0d.

Secretary.

[TRUSTEES' CERTIFICATE ENDORSED ON EACH BOND.]

AS TO VERIFYING THIS BOND.

The undersigned certify that this Bond is one of the Bonds
 the payment of which is secured by the Deed of Trust and Mortgage
 within mentioned and has been duly issued in accordance with the
 provisions thereof and that no more bonds than the amount
 therein authorised have been countersigned by us.

} Trustees.

[GOVERNMENT GUARANTEE ENDORSED ON EACH BOND.]

The payment of the interest (but not the capital) on this bond at
 the rate of 5 per cent. per annum half yearly on the first days of
 January and July in each year is undertaken and guaranteed by the
 Government of the Province of Quebec for ten years from the 1st day
 of July 1888 to the 1st day of July 1898 inclusive.

A. B.,

Assistant Treasurer of the Province of Quebec.

[FORM OF CERTIFICATE TO BE PRINTED ON THE
 FIRST 20 COUPONS.]

The payment of this coupon is assumed by the Government of
 the Province of Quebec.

A. B.,

Assistant Treasurer of the Province of Quebec.

